

Message Text

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P 031439Z JUL 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 3617

C O N F I D E N T I A L BUDAPEST 2105

PLEASE PASS COMMERCE FOR DEPUTY ASSISTANT SECRETARY DOWNEY

E.O. 11652: GDS

TAGS: BPRO, BFLO, HU

SUBJ: TUNGSRAM/FAIRCHILD CASE

REFS: A) STATE 155087

B) BUDAPEST 1716

C. STATE 130483

1. YOUR TELEGRAM (REF A) MOST TIMELY AND MOST WELCOME.
2. ON JULY 2 EMBOFF DISCUSSED GIST OF MESSAGE WITH DR. TIBOR HOFFMANN AT STATE COMMITTEE FOR TECHNICAL DEVELOPMENT (OMFB). HOFFMANN DELIGHTED TO LEARN OF YOUR PERSONAL ROLE IN FAIRCHILD CASE AND WAS CANDID IN PROVIDING OMFB/TUNGSRAM VIEW OF CURRENT SITUATION.
3. HOFFMANN QUICK TO POINT OUT THAT SHOULD REQUESTED EXTENSION BE GRANTED TO FAIRCHILD THIS WILL CREATE POLITICAL HEARTBURN FOR TUNGSRAM AND OMFB SINCE AS WASHINGTON WELL AWARE, THIS WILL BE THIRD REPEAT THIRD SUCH EXTENSION AT FIRM'S REQUEST. HOFFMANN (PROTECT CONFIDED THAT BELA DIENES, GENERAL DIRECTOR AT TUNGSRAM WILL SOON LEAVE PRESENT POST FOR NEW POSITION AS RESULT OF CABINET RESHUFFLE EXPECTED JULY 4. RESULT WILL BE IN NEW TOP TUNGSRAM LEADERSHIP LESS FAMILIAR WITH FAIRCHILD, ITS PRESTIGIOUS REPUTATION AND ITS TECHNOLOGICAL EXCELLENCE.

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4. TO ASSIST WASHINGTON IN ASSESSMENT OF ALTERNATE

SOURCES OF INTEGRATED CIRCUIT TECHNOLOGY EMBOFF ASKED HOFFMANN IDENTITY OF COMPETING FIRM. HOFFMANN STATED THAT HE NOT AUTHORIZED TO DISCLOSE THIS INFORMATION. HE DID SAY, HOWEVER, THAT MINISTRY FOREIGN TRADE INSISTS THAT NEGOTIATIONS WITH NON-US COMPETITOR CONTINUE AND BE TERMINATED ONLY UPON CONCLUSION OF SATISFACTORY AGREEMENT WITH FAIRCHILD.

5. THIS EMBASSY WILL SUPPORT WITH ALL ITS RESOURCES FAIRCHILD'S REQUEST FOR ANOTHER TWO MONTH EXTENSION FROM TUNGSRAM (REFTEL A). WE ALSO WISH TO RECORD HERE AND NOW OUR CONSIDERED JUDGMENT THAT FAIRCHILD'S PROSPECTS FOR A POSSIBLE FOURTH EXTENSION ARE AT THIS POINT HOPELESS REPEAT HOPELESS: AND WE SHALL SO ADVISE DR. SELLO.

6. MCAULIFFE WELCOMES VISIT BY DR. SELLO AND LOOKS FORWARD TO USEFUL AND MUTUALLY BENEFICIAL EXCHANGE OF VIEWS ON JULY 8 PRIOR TO LATTER'S MEETINGS WITH TUNGSRAM.
MCAULIFFE

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